

ALG Minutes, November 18, 2010

Present: Bart Wendell, facilitator; Lauren Rosenzweig-Morton, Mike Gowing, BoS; Mary Ann Ashton, Bill Mullin, FC; Xuan Kong, SC; Steve Mills, Don Aicardi, Steve Ledoux & John Murray, Staff. Absent: John Petersen.

Audience: Marie Altieri, school personnel; Ruth Kohls, LWV; Becky, Beacon; Dick Calandrella, Clint Seward, and Charles Kadlec, AVG.

Minutes were accepted

2. Budget & Revenue update FY 11 &12

Steve Ledoux reported that there was nothing new for FY 11; they have started the process for the setting of the tax rate which will occur on Dec. 6; they are working on the tax recap sheet & looking at new growth numbers. It's a wait & see.

FY 12---looking to see what sort of state aid will be coming. He has to present the selectmen with the Town budget on Dec 20th.

Steve Mills reported that some (Michael Widmer of Mass Taxpayers Association) thinks that there will be 9c cuts in Jan. Widmer also suggested that superintendents work on the assumption that there will be a 10% cut in Ch 70 aid. Tom Scott, head of the Mass Superintendents association does not think there will be 9c cuts because of the recent increases in state tax revenues. Again, Mills is waiting to see what will happen & meanwhile working off the assumptions of the ALG spreadsheet.

3. ALG Spreadsheet

Extra Info: copies of the new spreadsheet prepared by Don Aicardi in cooperation with Mary Ann Ashton & John Murray

Members were walked through the new format. The first page is a compilation of all the rest of the back information. Page 2 charts the revenues from FY10 through the estimates for FY 12 & 13 Including debt exclusion. Page 3 charts state aid with break out for the various cheery sheet accounts and some pre-agreed ALG assumptions—such as FY 12 10% decrease in Ch 70 and 20% decrease in all the other line items. Page 4 is local receipts [the most dramatic is in investment income from a high of \$723,700 on the FY 08 recap to the FY 10, 11 & 12 of \$142,658] Page 5 is debt exclusion and SABA income. The last page is reserves.

Back to the front page: Don noted that the available revenue is \$78m. All the school administrators have asked for a “level service” budget; the teachers’ salaries have been factored in but they are working on a \$0 COLA. All the numbers have to “be scrubbed”

The “balance “---without the use of any reserves—is a \$3.524m shortfall.

There was some concern that the number for Minuteman budget for FY 12 was higher (\$934K) than FY 11 (\$646K). This number has yet to be settled. A new town may join the district ---that will have an impact (decrease) on Acton’s assessment. Mary Ann suggested that Minuteman assessment be made an agenda item for next meeting.

Bart: is there agreement that the minuteman number be reduced to \$646. ******It was agreed until more info is forthcoming**

There were all around praise for Don & the new spreadsheet format

Xuan asked about the timing for the recap sheet. Steve L said it would be ready for the Dec 6 budget meeting. Xuan wanted to know when the APS debt costs will have to be paid.

TASK: John Murray will have that information for the next meeting

Don noted that the Health costs are being carried at a 9% increase. The schools are working with the teachers to change split of the health care costs. This is still in the bargaining process. The SPED increase is 4%; there is an expectation that the utility cost will go down.

On the Town side, Steve L reported that the collective bargaining process is not yet finished but he is carrying a 9% increase for health care costs.

Bill asked about the solidity of the reserves’ numbers. John answered that they were taken from the state certification information. Bill asked when the NESWC liability number was last reassessed. The number has been the same since 2006.

John noted that the state laws or the provisions of the NESWC contract had not changed. He said that Town had a letter from Counsel stating the amount being carried (\$1m) was correct. John will make the letter available to Bill.

There was some question as to the exact percentage increase in the Town’s overall budget. Some saw the numbers as being a 4% while others stated it was 2.4%

John noted that there has been new legislation regarding the care of autistic children. These unknown costs have not been factored into the 9% increase.

Mr. Kadlec asked that the number for the NESWC liability be “made visible” on the lines for reserves. He suggested that it have a line of its own.

To keep track of the expected changes that will occur to the spreadsheet---there will be tabs after the after assumptions/summaries that will indicate any & all changes.

6. Waterfall—Bill asked that this item be taken out of order because he had to leave early

Lauren noted that there has been considerable discussion as to exactly what was covered by the waterfall vote of last year. Her solution: since the working budget had a 10% cut in Ch. 70 funds and the actual cuts were in the 4-5% region leaving a delta of \$1.2m; using the waterfall provisions, \$700k was allocated to the schools; \$300 to the town. The money was used to restore budget cuts. This left @ \$200K---(now rounded up to \$290K) for taxpayer relief. Using the split--\$203 comes from the schools; \$87K from the town. The town will change the numbers on the recap sheet and the schools need to vote to lower their assessment by the \$203k resulting in the money being returned to the taxpayers.

Bart asked if everyone understood.

Bill said he did not. He said that the “incremental revenues that came to the Town were on the order of \$2.9m & that is the sum that is the sum we should be basing our discussions upon. He listed: Ch 70--\$126m; 400k in transportation; \$412k in IDEA & \$698K in Ed Jobs---these are the sums that should be subject to the waterfall process. He noted that all the boards voted to support the waterfall policy---it was public policy & needed to be implemented.

Lauren said her vote was for the excess in Ch 70 funds---at the time the policy was being crafted & voted---no one knew anything about the other possible one-time revenues.

Bart: how do the others see the policy?

Bill: I don’t want to go back to sophistry & nuance but I thought the policy was to deal with incremental revenues---not just Ch. 70

Xuan: I believe the waterfall helped us avoid staff cuts at ABR—we have long discussed “transportation” catch up costs—it is not new found money. I too want to help the taxpayers---I am one—the Fed Jobs program was not contemplated last March---we did not know about it

Bart: are you agreeing with Bill that the \$2.9m needs to be kept in?

Xuan: No. Perhaps the waterfall should be spread over two fiscal years.

Mary Ann: there is a misperception---it was voted to distribute the funds if they came in greater than was being planned. They did. And we stated that we would use “up to \$500K for taxpayer

relief.” The feeling on the FC is that everyone has gotten what they wanted except for the taxpayer. I like Lauren’s plan—I hope the \$288k is available---I hope it gets to be \$500K. Lauren has taken the middle ground. It requires the SC to revoke their assessment

The discussion continued as to exactly what revenues were subject to the waterfall. Bill held out on his position that it should be the incremental revenues. Others limited it to the excess coming in from Ch. 70

Bart warned that the correct perception regarding the waterfall policy is subject to the reality of each individual. He noted that such a procedural disagreement could/would mar the working of the ALG & do more harm than good. It is always better to agree. You need to think about the agreement on what was said last year; what are the facts of the disagreement and will doing the waterfall this year risk future conflict.

Xuan noted that the SC had votes & if there was to be a change---in assessment there needed to be another vote. \Part of the discussion centered around the precise amount that would be left if the “excess” of Ch 70 money was the sole source for the waterfall-taxpayer-return.

Lauren noted that the present amount was at least \$285k & she suspected that once numbers “were scrubbed” the amount would increase.

Don noted that he was new at this process but that things did look different from October meeting & the election did relieve some of the severity of what could have been a real crisis. There is a legal deadline for the addition of funds to E&D and their being reported. He has already missed that deadline so holding up the vote for another week or so should not make that much difference---it will just put Acton further back on the list for certification.

Xuan noted that the next SC meeting was the evening of the 2nd, the same date as the ALG in the morning.

Bart: if this is a satisfactory agreement—what’s the next step?

Lauren: the regional SC has to vote---can’t they hold an emergency meeting?

J. Murray : if we follow Dr. Mills’ use of reserves for the schools to get level services, that will mean a 48% decrease for the Town---we need to be careful where we spend the one time reserves---we need to look at the long term....

******It was agreed that everyone would go back to their respective boards**

However, the next ALG meeting is Dec 2--& if the SC has not voted by then, the ALG meeting would be pointless. Xuan suggested that Dr. Mills contact the regional school committee chair to see if the E&D can be reconsidered and the ALG be postponed until Friday Dec. 3rd.

J. Murray: what if the SC says no? The recap sheets are due out the 6th we need to get the budget for the BoS by the 16th.

*****It was agreed that Dr. Mills will find out if the chair of the regional SC will agree to another discussion of E&D, if yes the ALG will meet on the Friday, Dec 3rd.**

TASK: inform members of any change in date

4. Split allocation

MA suggested that the split would remain the same---30/70 for budgeting purposes now. The goal is the budget for level services. This is reflected in the spreadsheet. There will be more discussion this at later meetings & it was added to the agenda.

5. Reserve use policy

Mary Ann reported that the FC point of view document has an upper limit of \$2m for the use of reserves.

Lauren noted that the Towns' level service budget required the use of \$3.2-\$3.5m

Steve L: from my perspective using \$2m in reserves –I will assume 30% of the deficit---that will have definite ramifications on the services provided.

J. Murray at last year's March 24th minutes show that people were very unhappy with the extent of the cuts which made the budgets well below the level service.

Xuan: I appreciate the FC's guidelines for the use of reserves---we will look at what we have & the SC will come up with a level service which is greater than the \$2m—if that is the case, we will come in with that.

Lauren: I'd be more comfortable with the \$2m level if I could be certain that we would have level services---I'm not sure we do.

Bart: should the \$2m be the starting point?

S. Mills: each year at some point we do give back money to free cash---we should build in the expectation that we will replenish free cash.

J. Murray: we put in [on the spreadsheet budgets] reserves for level services---perhaps we cannot afford it—it's rough numbers at this point---people do not agree with the 2% increase—why are we talking about reductions that will result in reducing level services/

Steve L: we will use the \$2m & see what sort of budget numbers we get.

Bart: so it's agreed to use the \$2m now and as the process develops---change it down the road? (this was agreed)

The usual agenda items will be added for the next session. The new addition will be the Minuteman budget

TASK: MAKE SURE EVERYONE KNOWS IF THE NEXT MEETING WILL BE DEC. 2 OR DEC 3rd. this info can be transmitted by email

Adjourned 9AM

Ann Chang